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Meeting 127 – 29/05/2014

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23rd May 2014

Ms. Niamh Maguire
Committee Secretariat
Committee of Public Accounts
Leinster House
Dublin 2.

Dear Ms Maguire,

I refer to your letter of 8th May requesting further information on issues raised during the Committee's recent examination of Chapters of the 2012 Annual Report and Appropriation Accounts of the Comptroller and Auditor General.

I have detailed responses to the issues raised as requested in appendix 1 and appendix 2 attached.

Yours sincerely

Niamh O'Donoghue
Secretary General

Appendix 1

1. *The average annual value of an individual payment made by the Department in respect of the various employment schemes.*

The following table sets out the average annual value of an individual payment in respect of the various employment support schemes:

<u>WORKING AGE - EMPLOYMENT SUPPORTS</u>	2014 REV
	€
Community Employment Programme	12,142
Rural Social Scheme*	15,377
TUS - Community Work Placement	14,245
Job Initiative*	19,100
Back to Work Allowance	10,286
JobBridge	12,192
Partial Capacity Benefit	7,530

* These costs include the costs relating to scheme supervisors.

Note: The average weekly value of the Back to Education Allowance is €198.20 during the academic year.

2. *Details on the actual spend on all welfare and employment schemes with respect to the budget forecast.*

The total expenditure on all schemes, services and administration was, to end-April 2014, €6.548 billion; this was €9 million above profiled expenditure to end-April.

Note: DSP expenditure to the end of April includes expenditure of **€40 million** which was brought forward from May and is not included in the profile for April. The background to this action was SEPA related and arose from the closure of the European Clearing and Settlement System (TARGET2) on the May Bank Holiday on 1st May 2014. As a consequence, EFT payments due on Thursday, 1st May 2014 were brought forward to Wednesday, 30th April 2014 in order to ensure that affected persons did not have to wait until Friday, May 2 to receive their weekly payment.

Total expenditure on the department's jobseekers schemes to end-April was €1.130 billion and was €8 million below the profiled expenditure to end-April 2014.

3. *Confirmation of the value of arrangements currently in place to recoup overpayments.*

The Social Welfare Act 2012 included a provision to allow for greater recovery levels of up to 15% of the customer's personal rate without consent (in the case of a person receiving €188 per week, this increased the amount recoverable to up to €28 per week). The new provisions came into effect in February 2013. Prior to this, the Department was restricted in terms of making deductions from social welfare payments without consent to the difference between the SWA rate and the social welfare rate in payment, which often resulted in a repayment of only €2 per week.

The table below shows recoveries for the years 2010 to 2013 and illustrates the positive effect of the new arrangements outlined above:

Year	Total Recoveries	Recoveries by deduction (total amount)	Recoveries by deduction (number of debtors)
2010	€34.5m	€19.7m	59,000
2011	€51.5m	€24.2m	68,000
2012	€53.2m	€28.3m	82,000
2013	€70m	€35m	103,000

It can be seen in the table that overpayment recoveries in 2013 are approximately €70m, an increase of over 30% on the previous year. In addition recoveries made by deduction from a social welfare payment increased from 82,000 in 2012 to 103,000 debtors in 2013. The 2013 figures are provisional, subject to C&AG audit.

In addition the Social Welfare and Pensions (Miscellaneous Provisions) Act 2013 (Section 15) (Commencement) Order 2013 introduced additional powers for the recovery of social welfare overpayments by way of notice of attachment to earnings and monies held in a financial institution by a person who has been overpaid. These provisions became effective in October 2013 and are proving to be a useful tool to encourage people who are no longer dependent on social welfare to engage with the Department about their overpayment and to enter into a voluntary repayment arrangement.

4. A breakdown, by welfare scheme, of the number of medical assessors employed by the Department.

As indicated to the Committee the Department's medical assessments are carried out across all schemes by any one of the MAs employed by the Department. All the MAs undertake assessments in the Medical Review and Assessment Centres on a rota basis across all schemes. All medical assessments and medical reviews are undertaken by MAs who are fully qualified medical practitioners and who have experience and specialist training/qualifications in occupational medicine as well as in human disability evaluation. The assessment is made in accordance with the Department's evidence based medical guidelines and protocols. MAs do not prescribe treatment nor offer advice.

DSP has a cadre of 27 Medical Assessors (MAs), including a Chief Medical Advisor (CMA) and a Deputy Chief Medical Advisor (DCMA).

5. A detailed note on the rent supplement scheme.

As promised to the Committee – the details of the current rates of rent supplement payable across the country are included at appendix 2 attached.

The purpose of the rent supplement scheme is to provide short-term income support to assist with reasonable accommodation costs of eligible people living in private rented accommodation who are unable to provide for their accommodation costs from their own resources. The overall aim is to provide short term assistance, and not to act as an alternative to the other social housing schemes operated by the Exchequer. There are currently approximately 77,000 rent supplement recipients at a cost of over €344 million for 2014.

In addition, under the Exceptional Needs Payments scheme, assistance may be provided towards rent deposits. In 2013, some 4,300 people were assisted with rent deposits at a cost of €2.1m.

The Department monitors trends in the private rental market to determine the impact on rent supplement recipients and the maximum rent limits are comprehensively reviewed every 18 months. The current rent limits came into force with effect from Monday 17 June 2013 and will be in place until 31 December 2014. The rent limits were determined following an extensive review of the private rental market based on the most up-to-date data available at that time.

Despite pressure in the social protection budget, there have been increases in the maximum rent limits in Dublin and Galway, while there have been some reductions across a number of rural counties reflecting the conditions in the rental markets in those counties.

As requested by Deputy Fleming T.D, details of the current maximum monthly rent limits are provided in **Appendix 2** which shows that the lowest single rate is €290 per month in County Longford.

6. A note on the recent changes to social protection payments to include:

a) The numbers of people affected by the reductions of child benefit payments since 2012.

In Budget 2012, it was announced that the rates of monthly Child Benefit for the first and second child were unchanged for 2012. It was also announced that the monthly rate of payment for the third and each subsequent child would be standardised at €140 over two years. The rate for the third child would be €148 in 2012 and for the fourth and subsequent child €160 per month.

In Budget 2013, it was announced that the monthly rate of Child Benefit for the first and second child would be reduced by €10 per month, to €130, from January 2013 while the rate for the third child would also be €130. The rate for the fourth and subsequent children was reduced to €140 per month with a further reduction to €130 from January 2014.

No further changes to Child Benefit were announced in Budget 2014.

Over the period, there was a reduction in the rate paid for all children. In 2013, Child Benefit was paid in respect of approximately 1,164,000 children in 609,900 families per month on average.

b) The ratio of male to female recipients - child benefit payments.

c) The ratio of male to female recipients - one parent family payments.

d) The ratio of male to female recipients - carer's respite grant.

Legislation provides that Child Benefit be paid to the mother in the first instance, therefore the number of male recipients of this benefit is small and the Department does not segregate the recipients by gender.

At the end of December 2013 there was a total of 78,246 recipients of one-parent family payments of which 76,783 were female and 1,463 were male. This gives a ratio of 52.5 to 1 female to male recipients.

Respite Care Grant is paid to recipients of Carer's Allowance, Domiciliary Care Allowance and Carer's Benefit in June of each year, in addition to a small number of 'standalone' recipients. The breakdown of these schemes by sex is collated at the end of December for inclusion in the Annual Statistical Report on Social Welfare Services. At the end of December 2013 the following was the position in relation to recipients of these schemes:

- A total of 57,136 persons were in receipt of Carer's Allowance of which 44,394 were female and 12,742 were male. This gives a ratio of 3.5 to 1 female to male recipients.
- A breakdown of Domiciliary Care Allowance is not collated by the Department and therefore a ratio of female to male recipients is not available.
- A total of 1,598 persons were in receipt of Carer's Benefit of which 1,329 were female and 269 were male. This gives a ratio of 4.9 to 1 female to male recipients.

e) A note on how the changes to the rules for qualifying for the State pension impacted more on females than males and the numbers affected.

The following changes have been made to the rules for qualifying for State pension:

1. With effect from April 2012 (based on legislation introduced in 1997), the number of paid contributions required to qualify for a State Pension contributory increased from 260 paid contributions to 520 paid contributions.
2. From September 2012, two additional rate bands for State Pension contributory were introduced. The yearly average contributions rate band of between 20 and 47 (payment rate was €225.80) was replaced by rate bands of between 20 to 29, 30 to 39 and 40 to 47. (with payment rates of €196, €207 and €225.80).
3. The total number of contributions required to qualify for a widow's, widower's and surviving civil partner (contributory) pension increased from 156 contributions to 260 contributions in December 2013.
4. In 2014, the State pension age was standardised at 66 with the abolition of State pension transition. (State pension age will further increase to 67 in 2021 and 68 in 2028).

The impact on males/females of the changes to State pension contributory is as follows.

(i) With regard to the increase to age 66 in January 2014, approximately 12,000 were impacted, with more males (64%) than females impacted (36%). (based on 2011 data).

(ii) The change to the total number of contributions and the additional rate bands impact more on women, is demonstrated in the table below.

(iii) The gender breakdown of the changes to the contribution requirements for widow's/widowers' and surviving civil partner's (contributory) pension are not available but approximately 250 are expected to be impacted in 2014, (probably a proportion of females impacted).

With increased numbers of women participating in the labour force, the gender differences in State pension contributory will narrow in time.

The State pension system comprises State pension contributory (including the qualified adult allowance), State pension non- contributory, homemaker's disregard, widow's and widower's and surviving civil partner's contributory pension. Women who have paid fewer contributions can qualify for a homemaker's disregard, receive a qualified adult allowance or State pension non-contributory.

The combination of measures under the State pension system has resulted in very similar outcomes for male and female pensioners in Ireland. In this context the risk of poverty for male and female pensioners have consistently been very close, with rates being broadly similar.

	Rates Band €	Male SPC rate banding	Female SPC rate banding	Male mixed/EU rate banding	Female mixed/EU rate banding	% Male claims in band	% Female claims in band
48 or over	230.30	17,604	6,061	1,470	464	66%	36%
40-47	225.80	2,956	921	531	337	12%	7%
30-39	207.00	2,418	2,581	333	524	9%	17%
20-29	196.00	2,125	4,284	205	563	8%	27%
15-19	150.00	859	1,356	77	223	3%	9%
10-14*	92.00	505	611	36	92	2%	4%
Total		26,467	15,814	2,652	2,203	100%	100%

There were 47,136 State Pension Contributory claims awarded in the period from September 1st 2012 to March 31st 2014. A breakdown of these claims by rate band and gender is provided in the table. . The claims are further broken down to identify mixed rate, EU and other bilateral awards, where the rate of payment is a percentage of the relevant rate for the full amount in each band.

*Half rate pre-1954 and self-employed claims are included in this band as it is close to their actual rate

f) A note on any gender proofing exercises that was undertaken prior to a change in the eligibility rules.

Whilst the department does not carry out a formal gender impact analysis of Budget measures the impact of individual measures on males and females is taken into account based on available data on the gender breakdown of recipients on schemes, where possible.

In this regard comprehensive data on recipients of welfare payments by gender is already published annually in the department's annual statistical reports (see www.welfare.ie). In addition, the department can, where required, evaluate potential impacts by gender based on information held on departmental databases. For example, this was done in the case of the State Pension (contributory) measures already outlined at 6(e) above.

Appendix 2: Maximum Monthly Rent Limits from 17 June 2013 to 31 December 2014

County:	Single Shared	Couple Shared	Single	Couple	Couple/One Parent Family - 1 Child	Couple/One Parent Family - 2 Children	Couple/One Parent Family - 3 Children
Dublin - Fingal	300	350	520	700	850	900	950
Dublin - Not Fingal	350	400	520	750	950	975	1,000
Carlow	230	250	375	433	520	560	590
Cavan	160	190	325	350	400	415	433
Clare	190	210	320	350	400	450	500
Cork	250	270	485	575	700	725	750
Donegal	175	200	300	325	350	400	450
Galway	280	300	475	540	700	725	750
Kerry	190	220	365	390	500	520	540
Kildare	250	300	433	500	650	700	750
Kilkenny	200	230	390	430	540	565	590
Laois	200	230	340	350	450	480	520
Leitrim	175	195	300	325	350	375	400
Limerick	200	240	375	400	500	550	600
Longford	160	175	290	300	325	340	350
Louth	215	250	390	400	550	575	600
Mayo	195	215	375	390	433	465	500
Meath	200	260	390	420	550	600	650
Monaghan	180	190	300	350	400	433	450
Offaly	200	220	360	400	450	475	500
Roscommon	200	220	300	325	400	410	425
Sligo	195	220	400	425	520	540	550
Tipperary	195	220	370	400	485	500	525
Waterford	220	240	375	390	475	500	525
Westmeath	190	210	390	400	500	520	530
Wexford	250	270	375	390	500	540	575
Wicklow	240	290	425	450	600	610	625
North Kildare	270	290	500	575	750	800	850
Bray	275	300	520	680	850	925	1,000